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GOVERNOR'S TASK FORCE ON INFRASTRUCTURE

September, 1984

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State of Montana
Office of The Lieutenant Governor
Helena 59620

GEORGE TURMAN
LIEUTENANT GOVERNOR

September 5, 1984

Dear Local Officials and Other Interested Citizens:

One of the most critical problems facing our state and our nation is the condition of our public facilities. For many years, we have taken such key structures as bridges, water supply systems, jails, courthouses and roads for granted. For various reasons we have not systematically invested in operations, maintenance and replacement. Today, the results of that neglect are becoming critical.

For the past eight months it has been my privilege to work with a number of Montanans as Chairperson of the Governor's Task Force on Infrastructure. We have addressed the problem of neglected public facilities and now present the attached draft report which describes the dimensions of the problem in Montana as well as possible, given current information.

What can the State do about local public facilities? We think that the State can enhance local capabilities to finance and maintain public facilities. This report presents preliminary recommendations of the Task Force on how better to achieve this. But we want to hear from you on this vital subject.

This Task Force will be preparing a final report for the Governor and the Legislature. It will be meeting to finalize its recommendations on September 20 and 21. The afternoon of the 20th has been set aside for a public meeting, an informal "hearing" on the draft. We'd like very much to have you contribute your ideas, if not in person that afternoon, then in writing. Again, the places and times are:

Informal Hearing: Dept. of Highway Auditorium; 1:30 p.m, September 20 or send written comment no later than September 15 to:

Nancy Leifer, Coordinator
Governor's Task Force on Infrastructure
c/o Lt. Governor's Office
Capitol Station
Helena, MT 59620

I hope you will help us address this critical issue. Please read the attached report and let us know what your concerns are. If you have any questions, contact Nancy Leifer, Jack Vaughn or Robb McCracken at 444-3757.

Sincerely,

George Turman

TABLE OF CONTENTS

		Page
1.	Letter from George Turman, Task Force Chairman.....	
2.	Table of Contents.....	1
3.	Introduction.....	2
4.	Draft Report of the Sub-committee on Local Government Transportation Facilities.....	11
	Bridges.....	12
	Roads.....	13
	Streets.....	15
	Airports.....	17
	Rail Systems.....	18
	Bus Systems.....	19
	Preliminary Recommendations of the Sub-committee.....	22
5.	Draft Report of the Sub-committee On Local Government Utilities.....	24
	Community Water Systems.....	25
	Wastewater Treatment and Disposal Facilities.....	27
	Solid Waste Facilities.....	29
	Hazardous Waste Disposal.....	32
	Preliminary Recommendations of the Sub-committee.....	34
6.	Draft Report of the Sub-committee On Local Government Communication Facilities.....	36
	Local Government Communication Facilities.....	37
	Preliminary Recommendations of the Sub-committee.....	39
7.	Draft Report of the Sub-committee on Local Government Jails.....	40
	Jails.....	41
	Preliminary Recommendations of the Sub-committee.....	46
8.	Draft Report of the Sub-committee on "Other" Public Facilities of Local Government.....	47
	"Other" Public Facilities.....	48
	Preliminary Recommendations of the Sub-committee.....	50

9. Draft Report of the Sub-committee On Local Government Finance for Public Facilities..... 51

Financing Local Government Public Facilities..... 52

Preliminay Recommendations of the Sub-committee..... 55

10. Draft Report of the Sub-committee on Public Information About Infrastructure..... 59

Information About Infrastructure..... 60

INTRODUCTION

For the past year or so, the national news media have carried a number of lead stories about the nation's crumbling infrastructure. The following questions and answers present an overview of this important issue and what it means to us as a nation and State.

WHAT IS INFRASTRUCTURE?

It is the collective, long-term investment by citizens in facilities and installations -- "structures" -- necessary to their safety and convenience. (See Figure One)

HOW SERIOUS IS THE PROBLEM OF CRUMBLING INFRASTRUCTURE?

Most of these public facilities are crucial to supporting our quality of life. They provide the raw materials and transportation facilities for commerce. Our economy depends on these facilities. New economic development -- new jobs -- depends upon businesses being able to count on the sewer, water, and other facilities necessary to support their enterprises. Adequate public facilities are necessary to protect public health and safety. Moreover, they are a measure of our pride in ourselves.

These facilities largely have been ignored and taken for granted for years. This neglect is catching up with us.

Figure One

Some examples of infrastructure are:

roads	streets
bridges	water systems
sewer systems	solid waste disposal systems
courthouses	fairgrounds
jails	police and fire stations
parks	libraries
city and town halls	airports
community centers	

WHAT HAS BEEN DONE NATIONALLY ON THIS IMPORTANT ISSUE?

The Joint Economic Committee of Congress established a National Infrastructure Advisory Committee two years ago to look into the magnitude of the problem. Montana's Governor Ted Schwinden is one of ten state and local officials appointed to this group.

The advisory Committee was charged with the responsibility of researching the Nation's needs for increased investment in our public facilities. Their finding revealed an astonishing fact: if we are to meet the nation's needs for rehabilitation or replacement of our public facilities, the United States will have to invest 1.2 trillion dollars by the year 2000. That is more than our country will likely spend on defense over the same period.

WHAT WILL HAPPEN IF THE UNITED STATES FAILS TO MAKE THE NECESSARY CAPITAL INVESTMENT IN PUBLIC FACILITIES?

Our nation will fall even further behind in our ability to be competitive in the world economy. We are on the verge of bankrupting our public capital resources. To expect our economy to grow, or even hold steady, in the absence of essential public services such as utility and transportation networks is folly.

WHAT DOES THIS MEAN IN MONTANA?

In January of 1984, Governor Ted Schwinden appointed a Task Force on Infrastructure to look into this question. The charge of the Task Force was:

> "To look at ways to improve the quality and quantity of investment in capital facilities which are the responsibility of Montana counties, incorporated cities and towns."
>
> "To compile information on the replacement and new construction needs of counties, incorporated cities and towns of Montana for basic public works and present this information to Montana citizens."

"to research administrative and legislative changes that could be made to facilitate flexibility in financing capital construction and good management in planning and operating capital facilities at the local level and bring these recommendations to the attention of the public and the appropriate government officials."

Over the past eight months, this Task Force and the sub-committees that worked with the Task Force, assembled information (available at the State level) about local needs for infrastructure.

Here are their major findings, based on the available State information:

Water Systems

° Many community water systems rely on the original wooden water pipes that were installed at the turn of the century. In 1983, a water supply needs survey was conducted for all of Montana's incorporated communities. Based on a 75 percent return, $100 million was estimated for water supply repairs. This figure does not include the needs of more than 1500 other water systems in the State.

Sewer Systems

° State Health Department records reveal that Montana's 203 public sewer systems for which records exist require an estimated $231 million to bring them up to current standards.

Streets and Roads

° Of Montana's 78,000 miles of roads and streets, only 8,000 miles are the maintenance responsibility of the State Highway Department. The vast majority -- 70,000 miles or 90 percent of the state's roads -- are the responsibility of local governments. It is estimated that it would take $8 billion to bring this local network of roads into good condition.

Jails

° Montana has 53 county jail facilities, only one of which clearly meets constitutional standards. Generally, jails are built to last 30 years, and 21 of Montana's jails are more than 30 years old. The estimated cost of bringing existing jails up to constitutional standards is in excess of $56 million.

A comprehensive inventory of local needs (through a local survey) was impossible, given time and money constraints. The Task Force looked at the particular problems in five representative counties and seven representative municipalities.

Based on the Task Force's review of the State level data and the results of the twelve local government case studies, the Task Force formulated preliminary recommendations in the following areas:

Transportation
Utilities
Communications
Jails
Other Public Facilities
General Financing and Capital Improvements

WHAT CAN WE DO IN MONTANA TO ADDRESS OUR INFRASTRUCTURE NEEDS?

There are two aspects of the problem we can improve in Montana. The first of these is to become more knowledgeable as citizens about our own local public facilities. Ultimately, it is the responsibility of each local community to determine its own priorities and needs for capital investment. We can help by actively supporting our local officials in prioritizing local needs for replacement or rehabilitation, and recognizing our responsibility to help pay the costs involved. We need to find ways to ensure that local public facilities are operated in a cost efficient manner -- including charging for a facility based on the amount of use (where charging is possible), and not deferring maintenance.

In many communities, Montana taxpayers are facing major capital expenditures. However, the alternative is clear. If we fail to reinvest in our public works now, costs in the future will only escalate as deterioration proceeds unchecked.

The second aspect of the problem that we can work to improve is the role that State government plays in planning and financing local public works. Local governments must comply with State statutes in planning and financing local public works. Many of these statutes are outmoded and actually add to the costs of replacing or maintaining local infrastructure by unnecessarily restricting local flexibility and authority. Many of the recommendations of the Task Force identify these statutes and propose changes in State law.

In addition, State government administers a number of grant, loan and bonding programs that actively contribute to local financing. State government also provides technical assistance for planning a broad range of public facilities. Unfortunately, most State and local officials are not aware of the full range of financial and technical assistance currently available. The Task Force has also recommended that all this information be pulled together into one place and made readily accessible to State and local officials.

The remainder of this draft report presents the information and recommendations formulated by the Task Force. These recommendations are preliminary. The Task Force will be meeting on September 20 and 21 to finalize these recommendations. The afternoon of September 20th will be reserved for an open public meeting or informal "hearing" to accept testimony on the draft report. Local officials and other concerned citizens are encouraged to share their concerns and suggestions at that time, or to submit it in writing no later than September 15th to the following:

Informal hearing for submission of both oral and written testimony:
Thursday, September 20, 1984
1:30 P.M.
State Highway Department
Auditorium
2701 Prospect Avenue
Helena, Montana

Written Testimony only, Due September 15, 1984

Send To: Nancy Leifer, Staff Coordinator
Governor's Task Force on Infrastructure
c/o Lt. Governor's Office
Capitol Station
Helena, Montana 59620

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DRAFT REPORT OF THE SUBCOMMITTEE

ON LOCAL GOVERNMENT

TRANSPORTATION FACILITIES

BRIDGES

Local governments are responsible for construction, reconstruction or rehabilitation of all bridges on all public roads and streets in Montana which are not under State or federal jurisdiction. In addition, local governments are responsible for maintaining all bridges on public roads and streets in Montana which are not the maintenance responsibility of the State or federal government.

Deficient bridges which are the responsibility of local governments can be eligible for State/Federal funded replacement or rehabilitation under the State's Off-System Bridge Program. Under this program the State, in cooperation with local governments, selects a limited number of deficient local bridges for state administered projects (the State designs and administers the construction). Bridges replaced or rehabilitated under the program remain the responsibility of local government, except for those few cases where they were previously the responsibility of State or federal government.

Safe and convenient bridges ensure the integrity of the State's transportation system. This system is essential to basic industries such as agriculture, wood products and resource extraction. In addition to commerce, our bridges provide access to recreation, local business, emergency transportation and a multitude of other uses made possible by eliminating costly and inconvenient detours.

There are 2,142 bridges located on city and county jurisdiction roads and streets, 919 of these are structurally deficient, and in need of replacement, 798 bridges are structurally obsolete and in need of rehabilitation.

At todays costs $72.5 million will be needed to replace the 919 structurally deficient bridges and $27.5 million to rehabilitate or replace the 798 structurally obsolete bridges. Therefore, it will cost $100 million to meet todays needs for local jurisdiction bridge systems.

The 1982 Federal Surface and Transportation Assistance Act provided that 15 percent of the federal bridge replacement and rehabilitation funds must be spent on bridges that are not on Federal Aid System routes (Off-System Bridges). In Montana, 1,717 off-system bridges currently need replacement or rehabilitation, 45 of those will be paid for during the next 5-6 years with combined State/Federal funding.

LOCAL STREETS AND ROADS

There are approximately 78,000 miles of roads, streets and highways in Montana. Of this total, only 8,000 miles are the maintenance responsibility of the State Highway Department. The vast majority, or 70,000 miles, fall entirely to local governments to support. This amounts to almost 90 percent of our motor vehicle network. This hefty local responsibility falls into two categories: roads that are the responsibility of counties and streets that are the responsibility of municipalities.

ROADS

For the purpose of this report, roads are divided into two categories in order to clarify funding responsibility: Federal-aid (FA) roads and off-system (non-FA) roads. FA roads include, interstate, primary and secondary. Off-system roads (non-FA) include all other than FA.

County governments are responsible for construction and maintenance of all off-system roads and also for maintenance of federal-aid secondary (FAS) roads that are not maintained by the State.

FAS road construction is eligible for federal/state funding contingent upon fund availability. FAS roads funded and constructed with federal/state funding are then turned over to the counties for use (and maintenance as is the case with Bridges constructed with Federal/State funds). Maintenance responsibilities include drainage, snow removal, pavement and gravel surface preservation, encroachment permits, signing, striping, weed control and brush cutting.

Roads provide the safe and convenient structure essential to a state's transportation system. They foster a reciprocal interchange between rural and urban areas for the promotion of industrial, recreational, business, personal, etc. activities.

The State of Montana contains 68,261 local government jurisdiction road miles: 93 percent (63,546 miles) of that is total local government responsibility, the remaining 7 percent (4,715 miles) is eligible for FAS construction funding.

The 63,546 miles of county road responsibility need $6.4 billion dollars for rehabilitation or reconstruction. The FAS roads need $600 million in rehabilitation or reconstruction. The total cost of meeting these needs is $7 billion using 1984 prices as the base figure for this estimate.

Total estimates of road rehabilitation and reconstruction needs for the State of Montana are $7.0 billion. In FY 1984 the FAS system will receive $15,042,485 of Federal/State construction funding and it is anticipated a like amount of FAS funding will be available for FY 85, 86, and 87. This will leave the local governments with an estimated responsibility of $6,939,830,060 for local road rehabilitation and reconstruction.

Presently, most counties are unable to adequately maintain the existing roads; therefore, new construction is being discouraged, yet where new construction does occur (subdivisions, etc.) some counties will not accept the roads for maintenance. The counties are in most cases only attempting to maintain the existing system, except where growth and development dictate otherwise.

A CASE STUDY OF GALLATIN COUNTY'S ROADS

In Gallatin County, there's a state-built $410,000 bridge with no access; the road leading to and from it is closed because the county has no funds to repair it. About 110 miles of paved roads need repair, at $110,000 per mile for reconstruction, or $56,000 per mile for an overlay.

Many roads, poorly built with local materials and not constructed to any standard, cannot handle current levels of traffic. Of the 500 miles needing repair, 20 miles per year can be maintained and updated within the existing budget. In 1984, one road collapsed because of poor base.

One problem stems from subdivision residents living within 15 miles of Bozeman using poorly built roads. The 20-acre loophole in subdivision law has allowed land use that damages roads. By law, the county cannot assess developers for off-site costs. A system for determining equitable road maintenance districts is viewed as necessary, as are increased fees from developers.

STREETS

The municipal government is responsible for the financing, construction and maintenance of the majority of municipal streets.

Street construction on off-system (non-federal aid system) streets is funded and performed by the local governments. Street construction on on-system (federal-aid system) streets is eligible for federal/state funding. Most on-system street construction is funded and administered through the Montana Department of Highways.

In most cases, all street maintenance, with the exception of primary routes, is a local responsibility, regardless of how it was constructed.

A good street system plays a major role in community and economic development. It is a critical link in the statewide transportation system. The disruption of a street system has a personal effect on many local residents. Public safety, service demands and convenience are beneficial street functions that are often taken for granted. A well planned adequately maintained street system serves as an attraction to new businesses and new residents.

The off-system Montana streets, which are the responsibility of city governments, total 2,442 miles. Seventy-five percent (1831) of these streets need major repair or reconstruction.

Local governments assume construction and maintenance responsibility for about 84 percent (2,442 miles out of 2,892) of Montana's street needs. The remaining 16 percent (450 miles) qualify for federal-aid designation. This aid comes in the form of a fully constructed street; ordinarily constructed under contract administered by the State Department of Highways, and funded with federal/state match money. Once the street is finished it is turned over to the city.

The Montana Department of Highways has estimated that the cost of needed rehabilitation and reconstruction for the 84 percent of non-federal-aid streets is $1.1 billion: $900 million for rebuilding projects, $200 million for rehabilitation projects. The majority of this burden falls on the medium-to-small communities and the available revenue for the streets in these communities is not enough to meet the need.

In FY 84 $4,794,606 in Federal Aid Urban Construction funds were available to eligible cities for street projects administered by the State. It is doubtful the available funding fully meets the needs on eligible streets. It is likely that those ineligible communities are hard pressed to come close to their $1.1 billion need.

AIRPORTS

The airport is owned, operated and maintained by the local government with funds collected at the local level. Capital improvement funds from State and federal sources are available to 58 percent of the Montana airports, while the remaining 42 percent must rely on self-funding for capital improvements.

Most counties have an airport board which acts in an advisory capacity to the county commissioners, who retain decision making authority. However, some counties have an airport authority. The difference between a board and an authority is that; an airport authority can obligate the commissioners to assess full allowable millage, as authorized by Montana codes, whereas the "board" cannot. An airport authority also has the power to create a Sinking Fund - up to $5 million - for the use, repairs, maintenance, and capital outlays of an airport. This fund can be carried over from year to year, whereas an airport board has no comparable funding mechanism.

The public benefits of an airport are a combination of public health, economic support and public services to the State. Here are some examples of how the public benefits from adequate airport facilities:

rapid transportation of goods and services
air ambulance
U.S. Forest Service fire patrol
fish and game management
cattle buyers
timber industry support (parts and labor)
tourism and recreation

search and rescue
mail services
business travel

The breakdown of any one airport in the network will have adverse effects on many statewide functions.

Out of 116 Montana airports, 64 are in need of major repair or reconstruction and there is a need for 2 new airports in uncovered service areas.

The total cost of meeting current needs is $19,819,000. A 5-year plan addresses $17,974,600 of those needs using 90 percent federal grants and 10 percent state/local matching funds. The remaining $1,944,400 will have to be paid, solely, by the already financially overburdened local authorities that do not qualify for federal/state aid (Kalispell airport is one example). It is not clear whether the local governments can actually raise this amount of money.

Because only 5-10 projects per year are possible under the federal grant/state match program, it will take 6-12 years to address current (1984) needs, since the federal grant/state match program will provide only $17,874,000 of the total $19,819,000 needed. However, since it will take the program 6-12 years to meet current needs, presumably, any new needs identified in subsequent years will not be met.

RAILS

Until now, Montana local governments have not been responsible for rail transportation facilities. Due to recent rail abandonments and further reductions in federal funding, local governments may be forced to assume responsibilities for communities which are economically dependent upon rail services.

Rail transportation can be, and often is, tied to the economic vitality of a community. It is the most efficient bulk commodity carrier for long distances. When this service is withdrawn it can change the complexion of a dependent community. It effects the economy, population, business and the tax base.

A 1984 Montana Department of Commerce report states that there are 3,479 total rail miles in the State. Since 1979, 26 percent (1,217 out of 4,697) of rail miles have been abandoned.

There are two alternatives available to rail dependent communities which have been impacted by rail abandonment: shipment by truck or the local operation of the rail system, an option recently made available to local government through new legislation.

Trucking of bulk commodities is not always feasible for every community. Increased truck transportation will add to already stressed roads and highways. In many cases the cost of reconstructing and maintaining roadways may be more costly than that of reconstruction and maintenance of railways.

Rail responsibilities assumed by the local governments would be primarily a local financial responsibility as there are essentially no other funding resources.

In the final analysis this is a major problem for some small communities.

BUSES

Montana municipal buses service two distinct populations: the general public and the elderly/handicapped user.

The essential elements of a public bus system are the following: transfer center, storage facility, vehicles, passenger shelter, and administration offices. Responsibilities for public transportation

are assumed by cities, counties, tribal governments or special transit districts (which have taxing authority). They provide either fixed-route or demand-responsive transportation to the general public within their jurisdiction. They function as a safe and convenient alternative to automobile transportation. The benefits of public transportation are:

> mobility for the transit dependent, less congestion on streets and highways, reduced auto air pollution, safer transportation-particularly during inclement weather, and reduced demand for individual auto parking spaces.

Specialized transportation for the elderly and handicapped provides a means for this transit dependent population to obtain medical, nutritional, educational, recreational and other personal services. Bus services are generally provided by private-non-profit corporations which are also involved in some other type of service for the elderly and handicapped. This type of transportation is the most cost effective, safe and reasonable way to keep our elderly and handicapped out of institutions and in their familiar environment.

There are 12 public transportation systems in the State of Montana which reflect needs costing approximately $4.8 million:

> Two existing systems have needs for a transfer center at a total cost of $1 million each.
>
> One existing system has need for a maintenance and storage facility at a cost of $1.3 million.

A 5-year plan identifies the need for 30 replacement and expansion vehicles for a total cost of $1.5 million.

Every year there is a request for 40 new vehicles to transport our elderly/handicapped population. It will cost $1 million to accommodate this demand.

Public Transportation -- Montana's public transportation systems will need $4.8 million to be brought up-to-date. The Montana Department of Commerce believes that 50 percent ($2.4 million) of that responsibility defaults to the local governments. Local and state laws which dictate "mill caps" generally make this funding impossible, because the taxable value varies, county-by-county. Only 17 percent (2 out of 12) of the current bus systems can generate sufficient funds under their present mill caps. Further, the local cap often restricts matching funds to the point where federal grants cannot be fully utilized.

Specialized Transportation -- Each year approximately 40 requests for vehicles to transport elderly and handicapped persons, are submitted to the Montana Department of Commerce. Historically only 25 percent (approximately 10 vehicles) of those requests get federal funds. The remaining 30 vehicles rarely get funded by the local governments because the State mill cap for this type of transportation is set at one mill and most counties don't bother to levy that because it won't meet the cost of a vehicle.

PRELIMINARY RECOMMENDATIONS OF THE

SUBCOMMITTEE ON LOCAL GOVERNMENT

TRANSPORTATION

Note: This sub-committee will be meeting again before the September meeting of the Task Force. It is likely that more detailed recommendations will be presented to the full Task Force on September 20th, particularly in the areas of airports and bridges.

Airports

The Montana Aviation Advisory Council (MAAC) is presently working on a legislative package that would benefit Montana's airports with needed funds for capital improvements and necessary maintenance.

The MAAC is a composite group representing all facets of aviation in Montana and will spearhead a drive to obtain the desired legislation. They have conducted many statewide meetings in this attempt, and are well aware of the problems with aviation in Montana.

Roads, Bridges, Railroads, and Public Transportation

It is suggested by this subcommittee that the Legislature establish an interim committee to do an indepth study of local needs.

Suggested makeup of the interim committee would be:

1. Legislative Representative
2. City Transportation Specialist
3. City Council Representative
4. County Commissioner
5. State Government Representative
6. State and Private Rail Representatives
7. Private Industry Representative

Railroad issues of major concern to the communities were:

1. Loss of tax revenue because of abandonments.
2. Loss of jobs because of consolidation.
3. Highway impacts.
4. Socioeconomic impacts.

Issues the Transportation Subcommittee feels the Interim Committee should address include:

1. Declining value of the mill levy -- eroding tax base.
2. Lack of local technical expertise to address the problem, particularly future planning (State technical assistance could be provided by MSU or the Highway Department)
3. Standardization of bridge and road standards.
4. Legal liability if a problem occurs -- everyone is liable except the driver.
5. More flexibility in the budgeting process:
   a. Set up a "sinking fund."
   b. New source of revenue for capital improvements.
6. A larger sampling of local problems and needs.

DRAFT REPORT OF THE SUBCOMMITTEE ON

LOCAL GOVERNMENT

UTILITIES

COMMUNITY WATER SYSTEMS

When looking at water systems it is important to note that, in Montana, there are many legally recognized ways to manage a water system. Basically, there are three general types of administrative/managerial entities for water systems:

A. Municipal systems (incorporated cities/towns)
B. Special districts (county sewer and water districts, special improvement districts, rural improvement districts)
C. Private systems (rural water user associations, pure private systems for subdivisions and mobile home courts, some municipal systems)

Financial and management issues or problems in constructing, maintaining and replacing water facilities depend upon the managerial/administrative entity governing the water system.

The physical and financial data cross-cut several of these classifications and does not fit neatly within any one of them. There is no one database which provides standardized and financial data on all multiple user water systems within the state.

Regardless of the classification used, the definition of a water system is: a water supply source, water treatment, a distribution system and storage.

The primary function of a water system is to provide a safe and convenient supply of water for drinking, fire protection and irrigation. The capacity of a system must be large enough to support "peak" personal and commercial demands, as well as accommodate community growth.

Municipal Systems

A total of 264 capital project needs have been reported by Montana's incorporated cities and towns. The physical needs are:

134 distribution projects
55 supply projects
45 storage projects
30 treatment projects

The total capital cost of meeting all existing needs is $100 million. This figure does not include rural water systems, unincorporated cities/towns or water districts.

Rural Type Systems

Thirty-five percent of the 279 rural water systems are in need of major upgrading to bring them into compliance with the "10" State Water Quality Standards. It is also felt that 55 percent of these rural systems have insufficient financial resources for repair or replacement of existing facilities, and that some daily financial obligations cannot be met.

Because there is no comprehensive database on the need for improvements to water systems in Montana it is impossible to arrive at an accurate estimate of need. However, we do know from the Montana League of Cities and Town's survey of incorporated cities/towns, that a minimum need of $100 million has been identified.

A CASE STUDY ON GLENDIVE'S WATER SYSTEM

Although the Yellowstone River provides a more-than-adequate supply of water, the city's treatment plant, built in 1919 and remodeled in 1959, is deteriorating. Population in the area is declining, but groundwater quality problems have led outlying areas to seek annexation so demand is increasing -- demand that cannot be met with existing facilities.

Last year, residents were forced to shut off their water to refill municipal tanks, and voluntary water rationing was requested. Summer demand cannot be met because of the treatment plant and inadequate intake structure. Ever since sewer and water fees were separated, the water service has run at a loss; a 10 percent fee increase in June, 1984, only covers operation and maintenance.

A master plan completed in 1983 pointed out necessary improvements, which would require a revenue bond that would in turn nearly double rates. In 1982, it was estimated that a new treatment plant would cost 4-7 million, distribution lines 2.5 million, and an intake $425,000. The city is currently deciding how to phase improvements before asking the Public Service Commission for a rate increase. Glendive is reluctant to do this, however, because population is declining and consists of a high proportion if retired people living on fixed incomes.

WASTEWATER TREATMENT AND DISPOSAL

The local authority (city, county or sewer district) is charged with the physical and financial responsibility of operating and maintaining its wastewater facility. Depending upon what type of governing authority is present, the decision makers are the city council, county commissioners or a sewer board.

When local governments want to fund treatment works (plants, lines and disposal) they have several funding sources: federal/State grants and loans satisfy some of the capital costs, the remaining costs are funded at the local level using: mill levies, bond issues and user fees (the major source). It's important to note that once a capital project is constructed the operation and maintenance responsibility falls on the local government. However, over the life of the facility, energy costs for operations actually exceed construction costs.

Wastewater systems prevent health hazards and nuisances to the public at large. Toward this end, a good system must restore and maintain the chemical and biophysical integrity of State waters. Failure to do so, could result in disease, loss of recreational opportunities (fishing, swimming, boating, hunting, etc.) and loss of economic opportunity to those whose livelihood depends on clean water.

There are no universal figures which tell us how many public and private wastewater facilities exist in Montana. However, we do have some 1982 population data: 69 percent of the population reflected needs for; construction of new systems or that of bringing old systems up to standard, the remaining 31 percent, according to the population study, had no existing need.

A 1984 evaluation of 203 public systems for which information exists illustrates a monetary need of $231,276,000. This cost figure includes projected capacity demands, necessary for population growth of 20 years (2004).

The state anticipates that EPA will be providing $12 million per year in grants for these facilities.

SOLID WASTE

Local governments and private entities are responsible (and liable) for the financing, operation and maintenance of Montana's Waste Management Systems. Waste Management includes: landfills (fencing, equipment, equipment storage, etc.), transfer stations, and incineration systems. Most local governments own their landfill property; however, some are leased from private, state or federal owners.

This facility provides basic protection to human health and the environment by maintaining adequate waste management services statewide. This program also administers and enforces the legislative statutes and companion rules for solid waste disposal and septic tank pumpers.

Solid waste management disposal needs for the the State of Montana are estimated at a cost of $6,550,000. A national rule of thumb indicates that disposal costs are only 25 percent of the overall, therefore, an estimated $19,650,000 is needed for collection which is totally a local responsibility.

Nine percent of Montana's population is being served by solid waste systems that are out of compliance with DHES standards. It will cost $1 million to bring these into compliance and another $5.4 million to maintain all systems at a compliance level (includes operational costs). The total annual bill for statewide compliance is $6.4 million.

Ten Montana counties have un-met needs for solid waste planning studies at a cost of $150,000.

According to a study conducted by the Department of Health and Environmental Sciences, this facility is fairly successful at supporting itself. The "district" approach where multi-jurisdictional collaboration can reduce the overall cost to its users, is proving to be beneficial. Additionally, the Legislature provides a budgetary

mechanism with an eye toward the future: it gives local governments statutory authority to establish a capital improvements budget that can be carried over at years end.

However, long range planning is the key concern. Some solutions are: expanded technical assistance and removal of those legal constraints which prevent multi-county districts from incurring long term indebtedness.

A CASE STUDY OF HILL COUNTY'S SOLID WASTE-REFUSE DISPOSAL DISTRICT

When the county landfill was violating health standards and the Havre landfill was near capacity -- problems shared by neighboring cities and counties -- the problems were solved by an interlocal agreement involving 12 jurisdictions. The alternative was maintaining the individual sites, some violating state and federal law, and the possibility of water pollution, rat infestation, and spread of litter posing potential threats to human health.

The extensive planning effort, completed by public officials and citizens on a volunteer basis, required no outside financial assistance. The $600,000 landfill system was funded by an 8.3% tax free loan provided by a five-unit bank system serving the area. The landfill was designed to meet the needs of the 1,200 square mile area for 11 years, and has not resulted in increased user fees.

The most difficult constraint to the agreement was posed by the Montana law authorizing interlocal agreements, which does not adequately guarantee long-term financial commitments by local governments. The problem was studied by volunteer committee members and county attorneys, and solved when the participating districts agreed to obligate themselves for a portion of the 20-year debt.

HAZARDOUS WASTE DISPOSAL

Hazardous wastes possess four general characteristics: toxicity, chemical reactivity (includes explosives), flammability and corrosivity. Although these characteristics are innate to many substances they must be of a combination, quantity or concentration such that they pose a threat to the environment or human health. In hazardous waste disposal there are two predominant issues: (1) operation of a safe disposal facility, and (2) clean up of existing contaminated sites in Montana. There are no local government or state government hazardous waste facilities in Montana. Therefore, shipment to an out-of-state site is necessary when hazardous wastes exceed the state's allowable limits for landfill disposal.

The State Department of Health and Environmental Sciences, administers a federally mandated regulatory program. This program, created pursuant to the Federal Resource Conservation and Recovery Act of 1976, regulates the generation, storage, transportation, treatment and disposal of hazardous wastes. Some of these functions are performed in partnership with the local governments. The State, also manages the federal Superfund clean-up program which deals with contamination occurring before November 19, 1980 as well as current emergency situations. The State managed program performs clean-up of contaminated sites. Basically, the hazardous waste clean-up costs will be borne by the responsible party - local/state government or private sector.

Local governments, as generators and recipients of hazardous substances, act in a surveillance and data gathering role. Local governments may be "generators" of hazardous waste in that they purchase, use and store hazardous substances for maintaining their equipment, roads, bridges, streets and weed control programs. Local governments are "recipients" of hazardous substances by virtue of their operation of public sewage treatment and landfill operations. An important local government responsibility is to monitor local landfills to insure that State safe levels for hazardous wastes are not exceeded.

Most hazardous substance mishaps of a non-major type, draw on the funds, time and equipment of local government staff. Those departments which may be involved include the following: health, fire, police, sheriff, disaster and emergency services.

Proper management and regulation of hazardous wastes contributes to a safe and healthy environment. It provides for ground and surface water protection, livestock protection, the quality and usefulness of land and air (burning regulations), and prevents direct bodily threat to humans.

Because we cannot quantify the hazardous waste activity in our landfills we do not know what the overall situation is. And, although we can quantify the amount that is being shipped out of state for disposal, it is insignificant to the local governments, because it's primarily "private industry" generated. The real concern to the local governments is one of liability. Insufficient staffing at the landfill site poses the possibility of illegal contamination.

Although the local governments have a minor role in the funding of hazardous waste programs, an anticipated change in the Federal regulations could cause local needs for: closer monitoring of landfill sites, and additional funding to transport their wastes to out-of-state treatment, storage, disposal facilities. In addition, a local government may be responsible for cleaning-up a contaminated site if the local government caused the problem.

PRELIMINARY RECOMMENDATIONS OF THE

SUB-COMMITTEE ON UTILITY FACILITIES

In general, the technologies are available and the expertise exists within Montana to accomplish the physical needs in upgrading repair and replacement of our utility infrastructure. The utility sub-committee believes constraints to infrastructure improvements lie primarily within legal, administrative and financial mechanisms under which we operate. The following recommendations apply to each utility category in varying degrees but are generally applicable to all.

Recommendations:

1. Fund a program for state assistance to regional and local jurisdictions for front end planning and implementation of solid waste management systems to include:
   a. grants and loans
   b. technical assistance
   c. encourage "economies-of-scale" savings through regional cooperation.
2. Remove legal constraints that limit multiple jurisdiction, long term financing commitment.
3. Establish a mandatory "replacement" fund based on a percentage of O&M budget and provide the legal capability to carry over this fund from one budget year to another (applies to any jurisdiction).
4. Operations, maintenance and replacement activities of a local utility should be financially self-sufficient and funded by user revenues.
5. Initiate a serious review of the adverse effects of P.S.C. involvement in local management of public utilities, and seek more viable alternatives (with emphasis on local influence on the review process).
6. Recognize and evaluate the need for local discretion in the commitment of funds.

7. Investigate the effectiveness of using "hook-up" fees for future plant expansion.
8. Design a training system to include temporary replacement and on-the-job training to protect local investment (training for O & M responsibilities).

DRAFT REPORT OF THE SUB-COMMITTEE

ON LOCAL GOVERNMENT

COMMUNICATIONS FACILITIES

LOCAL GOVERNMENT COMMUNICATIONS FACILITIES

Presently, communication facilities in the state have been used and thought of primarily in the area of emergency communications for police, fire, and other traditional providers of public welfare and safety. Of immediate concern in meeting this necessary use of local communication facilities is the fact that a minority of the local governments providing these services are on low-band land mobile radio systems while the majority of local governments and the State are on high-band systems. In situations where mutual aid is necessary, these systems are unable to communicate directly, causing delays in situations that are very often life-threatening.

No accurate figures are available to indicate the cost of converting those remaining local government systems to high-band frequencies.

The potential for development of expanded communication facilities at the local government level is critical. In a large rural state like Montana, community access to information resources and public services that are traditionally available in more urban areas is frequently difficult and costly. However, modern telecommunications technologies can substitute effectively for proximity of resources in many instances.

The state of Montana has quite a multiplicity of telecommunications resources of various kinds, both public and private, but they have not been integrated into an efficient user-oriented system. The keys to cost-effective utilization of telecommunications, especially in sparsely populated areas, are the aggregation of users and the sharing of facilities. User equipment as well as systems of electronic interconnection are too costly for individual agencies or institutions to hold separately, particularly where the volume of use is light. However, communities could pool their resources and establish community information/communications centers equipped for a variety of telecommunications media activities and available to all.

The centers could be located in a meeting room of the local library, the courthouse, the high school, or any readily accessible meeting place. They could be equipped with videotape players/recorders, monitors, audio telephone/teleconferencing equipment (such as METS), computer terminals (AGNET), microcomputers, facsimile/slow-scan video receivers, videodisc, electronic tablets/blackboards, etc., depending on the uses and needs of the community. Various entities around the state have this type of equipment, but it has generally not been made available to other users. Given a pooled resource situation the potential for adequate maintenance and trained assistance for users becomes more feasible than would be possible or realistic for individual agency or institutional offices. A local facilitator or media specialist could be hired to manage the facility out of user fees, a local tax district, a state program, private support, or any combination thereof.

Well equipped community information/communications centers located around the state could serve as nodes for an interconnection system that would provide efficient distribution of public services and access to public resources. Currently, for example, many agencies and organizations lease dedicated telephone lines individually and have never explored the possibility of a shared use system -- essentially a communications highway for everyone to ride on. Such a telecommunications system has been recommended for statewide interconnection*, but the community level polling of resources and the planning and development of centers remains a matter for local initiative.

*Report of the Information Dissemination Subcommittee, Montana Advisory Council on Science and Technology, June 1984.

PRELIMINARY RECOMMENDATIONS OF THE SUB-COMMITTEE

ON COMMUNICATIONS

Recommendations:

1. That State and local governments should upgrade land-mobile radio systems to the high-band channels incorporating the use of appropriate common mutual aid frequencies to improve inter-agency communications, especially in times of emergencies and disasters.
2. Due to rapid changes in telecommunications regulations, economical technology, the State should continue to support comprehensive planning efforts in that area. The importance of local and long-distance voice and data communications to governmental operations requires research, monitoring and reporting to enable key decision makers to adequately plan for current and future services and to be positioned to support economic development in the State. (The powers and duties of the State Department of Administration, Communications Division, include the provision of assistance to political subdivisions or nonprofit organizations relative to state and interstate communications systems and techniques (see MCA 2-17-302)).

3. The model of the Television Tax District could be employed and that legislation expanded or copied to empower communities to create tax districts to fund telecommunications centers (see MCA 7-13-2503, et. seq.). Once user groups have been organized and the market aggregated, the potential for improved service delivery and individual and community access to services and information becomes greatly increased, and innovative uses of telecommunications could contribute significantly to the solution of problems imposed by the demographics of Montana.

DRAFT REPORT OF THF SUB-COMMITTEE ON

LOCAL GOVERNMENT JAILS

JAILS

In Montana, the county government usually operates local jails. There are 53 county government detention facilities in Montana. The county sheriff is legally responsible for operating the jail. The county commissioners are legally responsible for inspecting the jail and providing funds to assure the facility meets health, safety, fire, and separation requirements. All offenders who violate state law must, by law, be held in the county jail. All juveniles held for offenses must, by law, be held in county jails.

Municipal governments may operate their own jails. There are 16 incorporated town and city jails in the state. Most municipalities choose to contract with their county for jail services.

The state government role in relation to jails is to ensure that local jails meet certain health, safety, and fire standards. The Department of Health and the Fire Marshall, Bureau of the Department of Justice conduct inspections of local jails when requested. The Montana Department of Justice, Crime Control Division, also provides technical assistance to local government officials who are trying to bring their facilities into compliance with legally mandated jail standards.

The federal role has been to set local jail standards through federal court decisions. Until very recently, local governments have not had a clear cut definition from the courts as to what constitutes an appropriate jail facility. (This benchmark is necessary so local governments can construct constitutional facilities.) These individual federal court rulings can be combined into a body of "case law" which sets the "performance" and construction standards for jails which must be met by local governments. Historically, federal court rulings have been based on the court's responsibility to protect the constitutional rights of prisoners. In practice, these rulings have required local governments to provide better, safer, more sanitary facilities for prisoners. Federal judges have the legal clout to order local governments to comply with jail standards. A federal

judge can force a local government to sell county property to improve a jail. Local officials cannot use "the excuse" that "we couldn't pass a bond issue" to avoid building or rebuilding jails to meet standards. In addition, local officials are liable for damages incurred by prisoners who have had their basic rights violated.

In Montana, jails may be financed using general obligation (GO) bonds. In practice, GO bonds have not been effective since the bonds require approval by a vote of the public. Financing jails has not been something local voters care to do. Thus, financing local jail projects remains a problem for most local governments. Currently, there are no federal or state loans or grants earmarked explicitly for jails. The Emergency Operations Center (federal) grants can supply partial funding. The Farmer's Home Administration Community Facility Loan Program might be able to provide (federal) loans to rural communities.

Why should we care about jails? Part of the problem with focusing public resources on jails and especially in getting jails financed is a lack of understanding about what a jail is and who is in jail. Jails are not prisons. Prisons hold sentenced, legally guilty criminals. Jails predominately hold persons awaiting trial -- persons who are legally innocent until proven guilty under American jurisprudence. Thus the commonly held belief that "we shouldn't build a country club for criminals" is based upon the false belief that jails mostly hold sentenced criminals -- they do not. Secondly, national statistics indicate that over 50 percent of all persons detained in jail are detained for alcohol related offenses. Jail is not necessarily where these persons need to be (alternatives such as detoxification centers exist). Finally, it should be realized that persons may be detained for minor offenses (e.g., major traffic violations). Jails exist basically to protect the general public from real or perceived dangerous or irresponsible persons who may pose a safety threat to society. Jails are a holding facility for persons who are awaiting trial -- the official determination of whether or not they are guilty. The jail facility itself serves a two-fold function:

(1) to protect society;

(2) to protect the constitutional rights of prisoners.

Jail construction and operation standards are designed to meet both of the above functions. An inadequate jail may fail to protect society from dangerous prisoners (i.e., escapees) or may fail to protect prisoners (e.g., a fire in a jail which does not have a basic fire protection design may injure or kill the prisoners). In addition an inadequate jail may cost a local government money through lawsuits filed by prisoners.

The current status of Montana jails is as follows:

1. Out of a total of 53 county jails in the state, only one jail clearly meets current jail standards. Thus, the remaining 52 jails will need rehabilitation, expansion, or replacement.

2. A total of 21 out of 53 county detention facilities were built or underwent a major renovation previous to 1955. Since a detention facility has a normal lifetime of 30 years, at least 21 facilities will need to be completely renovated or replaced.

3. A recent survey conducted by the Crime Control Division indicates that local government officials estimate that the current need for county jail rehabilitation, expansion or replacement is at least $56,713,373. This figure is the aggregate need statewide for all Montana local governments.

4. Currently, there are no local jails which provide complete separation of adult facilities and juvenile facilities. A new federal court ruling (D.B. v. Tewksbury case) mandates separation. Because the statewide juvenile jail population is so very low (539 total/year), the provision of separate juvenile facilities by each local government appears unrealistic. How to deal with this problem is a current issue. No cost figures for a solution are available.

5. There are 16 municipal jails in Montana. There are no aggregate physical or financial need measurements available for city jails. (Municipalities are not required by law to operate jails and, typically, contract with counties for jail services). Since most municipal jails are located in small cities and towns there is a possibility that those municipalities with sub-standard facilities might close the jails and contract with their county.

A total need of $56,713,373 has been identified for county detention facilities. The financial cost for separate juvenile facilities is currently unknown. There is no total need figure available for the 16 municipal jails in the State. The only significant grant program available to off-set these needs is the Montana Coal Board. Coal Board grants and loans are limited to those few local governments who are required to expand their jails as a direct result of coal development. The typical local financing tool for jails has been the General Obligation Bond. Many planned jail upgrades have repeatedly stalled due to voter rejection of bond issues. For the foreseeable future it appears local governments will continue to provide the predominate share of the cost for jail upgrades.

A CASE STUDY OF YELLOWSTONE COUNTY'S JAIL

The Yellowstone County jail fails to meet federal standards because of crowding, lack of an outdoor area and indoor space for programs, and an inadequate library. Crowding is the biggest problem; a Federal court order limits the jail to 62 prisoners, but space for 100 is needed.

The lack of space means that only felons, and some misdemeanors, can be jailed, leading to nonenforcement of mandatory sentencing for DUI. Prisoners are released before court sentences to make room for those committing more serious crimes.

However, preliminary design for a new city-county jail with a predicted life of 50 years has been completed. The $10 million facility could be financed by $7.2 million in General Obligation Bonds, $2.1 million from the Coal Board (with the stipulation that 10 beds be available to coal impact counties), and the rest from interest on Department revenues.

The bond issue was supported in the primary election (June 1984), but voter turnout was insufficient to comply with the 40 percent state requirement. It will therefore have to be proposed in the general election, causing at least a six-month delay, and more if the issue does not pass. The county is concerned over this delay and the related potentially higher interest costs, plus the possible loss of coal impact (Coal Board) funds.

The county's large tax base and small level of current general obligation debt allow the financing to take place. If the bonds are issued, the county will still have $15 to $20 million in unused bonded debt capacity.

PRELIMINARY RECOMMENDATIONS OF THE SUBCOMMITTEE ON LOCAL GOVERNMENT JAILS

Recommendations:

1. Jail standards should be adopted to establish a common set of criteria for determining adequacy of jails.
2. State government should consider the possibility of assuming responsibility for juvenile detention.
3. Legislation permitting multi-county financing for jails should be considered.
4. State government should provide technical assistance to counties for the planning of jails.
5. Debt ceiling limitations for county governments should be raised.
6. State funding for certain county jail inmates should be examined.
7. State should develop a uniform method for the collection, examining, and dissemination of jail population information.

DRAFT REPORT OF THE SUB-COMMITTEE ON

"OTHER" PUBLIC FACILITIES OF

LOCAL GOVERNMENTS

"OTHER" PUBLIC FACILITIES

In addition to the facility types already researched by the other sub-committees, there are a number of other public facilities constructed, operated and maintained by local governments. These include, but are not limited to:

animal shelters
courthouses
dams and reservoirs
fairgrounds
fire stations
flood control structures
police stations
libraries
museums
parking facilities
parks
senior citizen centers
storm water systems

All of these facilities contribute to the quality of life we enjoy as residents of our local communities.

Accurate information on local conditions and needs for most of these facilities does not exist at the state level. The following description of the Lewis and Clark Fairgrounds illustrates the kind of problems these facilities can encounter.

A CASE STUDY OF LEWIS AND CLARK COUNTY FAIRGROUNDS

Many of the structures at the county fairgrounds, site of the Last Chance Stampede, horse races, and numerous community events, are suffering from decay and lack of maintenance. The State Architectural and Engineering Division recently condemned the bleachers, and issued a warning on structural stability of the grandstand and concessionaries stand.

The manager and board believe that about $350,000 a year is needed to adequately operate and maintain the facilities, most of which were built 50 to 80 years ago. However, the County contributes $83,000, from a maximum levy of 1.5 mills, and revenues from the annual fair/stampede were $92,000. The horse racing association helps, as does the Welfare Department's Work Fair program, but the fairgrounds only breaks even on operation and maintenance, and cannot adequately fund capital improvements.

Lack of an accurate cost-accounting system could be solved by the possible acquisition of a small computer, but replacement of the deteriorating structures may be feasible only through revenue bonds, which the county attorney has said that the Board cannot issue. If the Board receives a similar opinion from the attorney general, modifying the law to allow issuance of revenue bonds may be necessary to avoid loss of facilities.

PRELIMINARY RECOMMENDATIONS OF THE SUB-COMMITTEE ON OTHER PUBLIC FACILITIES OF LOCAL GOVERNMENT

The Sub-committee recommends that:

1. Technical assistance be provided for local governments to plan and obtain retrofit of buildings for both energy efficiency and handicapped access.

2. A specific statutory authority be created for local governments so that they may support the costs of animal shelters.

3. The statutory authority be created for county governments to have a single capital improvement fund that can be used for any and all facility types. (Municipal governments currently have this type of capital improvement fund authority.)

DRAFT REPORT OF THE SUB-COMMITTEE

ON LOCAL GOVERNMENT FINANCE FOR

PUBLIC FACILITIES

The ability of local governments to meet these needs for investment in public facilities depends to a great degree upon two factors: state statutes which establish the rules and procedures local governments must follow and, the amount of revenue local governments have to work with. Currently, both of these factors pose serious constraints to local officials' attempts to manage public facilities.

Several aspects of state statutes are particularly troublesome. Financing public facility improvements generally involves a local government in the process of issuing bonds. Current state statutes governing local bond issues actually have the effect of raising the costs of bond issues because they provide local governments with little flexibility in negotiating payment schedules. Similarly, state statutes on the formation of special improvement districts and on the use of lease-purchase arrangements do not reflect the flexibility necessary to deal effectively with current situations.

The other major constraint for local governments is insufficient revenue. Montana local governments have an unusually high reliance on property tax, 49% higher than the national average. Over the past ten years, this tax base has been declining, due in a large part to legislative actions removing or lowering the tax rates on a number of property items. At the same time, Montana counties have a low reliance on user fees, averaging 5.7% of total revenues for all counties in the state.

In fiscal years 1982 and 1983, the taxable valuation of all Montana municipalities declined 10.58%. Not surprisingly, this decline in overall revenues also resulted in a decline of investment in capital investment. For the four year period between FY 79 and FY 82, spending on capital investment in urban municipalities declined 53%, 15% in medium cities, and 25% in small municipalities.

The effects of these declines in property tax revenue and capital investment are further compounded by several other factors. Inflation has made the value of all income lower in real terms while costs escalate. Interest rates have made long-term borrowing for major public investments much more expensive than it used to be. Finally, just as physical decay of many facilities is simultaneously reaching a critical point, the federal government is cutting back on federal grants and loans targeted to local public facilities.

A sample of 12 local governments was conducted as part of the research efforts of the Task Force. Interviews with local official revealed the following observations:

1. Every one of the jurisdictions sampled was at, or within 2 mills of its allowable mill levy limit. Taxable valuation had been negatively affected by the economy, legislative property tax relief bills such as elimination of the business inventory tax, court ordered reductions in property tax, or the departure of a particular company from the jurisdictions. The level of service provision demanded did not diminish accordingly with population decline. The decline in taxable valuation combined with increased spending pressure has pushed mill levies to their practical limits.

2. Bonded debt limitations were suspected of being a constraint to local financing capabilities. Most communities are not anywhere near their bonded debt capacity, but they view themselves as being at their practical bonded debt limit in relationship to their constituents' ability to pay. There is not widespread use of general obligation bonds in counties either. However, most of the counties interviewed were facing the need to rebuild jail facilities which will probably force them into general obligation bond issues.

3. Cities and counties have been reluctant to enter into formal capital improvements programming funded through a set-aside of fund revenues, because they would either have to reduce service levels or raise taxes -- there is no cushion in mill levies. As a result, there is little allowances for major capital expenditures or anticipation of cyclical replacement of facilities.

PRELIMINARY RECOMMENDATIONS OF THE SUB-COMMITTEE ON LOCAL GOVERNMENT FINANCE FOR PUBLIC FACILITIES

General Local Government Flexibility

Recommendations:

1. Local governments should have the authorization to adjust fees and charges as necessary to reflect at least changes in financial costs. State imposed user fees should also be reviewed and changes made.

2. The Public Service Commission should not be involved in any way in approving rate increases necessary to finance new construction of utilities owned by local governments.

3. The Public Service Commission should be more flexible in considering the need for including 3-5 year capital improvements and emergency funds in the rate structure for public utilities. As a step toward this, some technical assistance should be available in preparing mid-term (3-5 year) capital improvement programs.

4. Technical assistance should be available to local governments in the following areas as they are related to infrastructure:

   a. Financial, including assistance in setting user fees
   b. Engineering
   c. Planning, including capital improvement programming
   d. Statutory/legal

In addition, educational materials and workshops should be provided to local officials in these areas.

5. Mill levies should be examined and specific recommendations formulated to adjust mill levy limits as necessary.

6. Debt ceiling limitations should be examined and changes recommended if necessary, especially in the area of jail financing.

7. Other revenue sources for local governments must be found, with several options recommended for decreasing the burden on property tax.

Local Government Financing Authority

Recommendations:

1. Existing statutes governing the formation of Special Improvement Districts should be rewritten and proposed.

2. The statutes governing lease-purchase arrangements should be reviewed and changes proposed to make them easier to use as a long term financing alternative, especially where a specific revenue stream from fees is involved.

3. The $150,000 limit for financing capital purchases with debt or leases without voter approval should be varied or eliminated.

4. The requirement for a 40% turnout for a local election should be eliminated so that majority approval will authorize general obligation issues.

5. Bond anticipation statutes should be changed to clarify the penalty interest rate.

6. Statutory language governing the amortization of bond issues should allow local governments to structure the most suitable financing package.

7. The requirement that all school bond issues must be done separately should be waived where the issue is for a jointly-funded project and the tax base of the districts is co-terminus and identical.

8. Statutes should be changed to allow local bonds to be sold at a discount.

9. Authority should be granted to local governments to issue tax anticipation notes and arrange other short and mid-term financing mechanisms.

Interim Study Questions for 1987 Legislature

Recommendations:

There are a number of areas that are too complex for the Task Force to research and address in time for the 1985 session. These areas are central to the state's role in establishing the framework in which local officials must operate. Revisions in these areas have the potential to generate real savings to state taxpayers by cutting the costs of financing public facilities. Specific areas of concern are:

1. Statutes governing local bond issues. These should be recodified into three sections: revenue bonds, general obligation bonds, special districts. As part of this effort, special districts should be simplified into more generic forms, and the possibility of special districts issuing revenue bonds explored.

2. Statutes governing capital improvements planning should be reviewed and strengthened.

3. Use of non-local revenue for local public facilities should be increased, and integrated with the statutes governing capital improvements planning to ensure that non-local funds invested at the local level are used most effectively in conformance with a local overall capital improvements plan.

4. The role that standards play in defining infrastructure needs should be looked at, particularily in connection with roads, streets and bridges.

Overall Technical Assistance

Recommendation:

1. The State should develop an automated catalogue of all financial and technical assistance available to local governments through state and federal programs, and make the catalogue accessible to State staff and local association staff to help answer requests from local officials.

DRAFT REPORT OF THE SUBCOMMITTEE ON

PUBLIC INFORMATION ABOUT INFRASTRUCTURE

INFORMATION ABOUT INFRASTRUCTURE

The Public Information Sub-Committee has been working to prepare public information about the status of Montana's infrastructure. One of the problems this sub-committee is addressing is the lack of appreciation and understanding on the part of many persons regarding the crucial role that infrastructure plays in daily life.

The sub-committee has produced a half-hour videotape about the national and Montana infrastructure situation. The tape is available for public use, by contacting: Montana Contractors' Association, 1717 Eleventh Avenue, Helena, Montana 59601. Phone: 442-4162.

The sub-committee has worked on developing a speakers bureau. Plans for publications and other public information materials are also being developed.